UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

EXPANSE NETWORKS, INC.,	§	
	§	
Plaintiff,	§	
	§	Civil Action No. 02-CV-2857
	§	
v.	§	JURY DEMANDED
	§	
CATALINA MARKETING CORP.,	§	
	§	
Defendant.	§	

PLAINTIFF EXPANSE NETWORKS, INC.'S OBJECTIONS AND RESPONSES TO DEFENDANT'S FIRST SET OF INTERROGATORIES

Pursuant to Rules 26 and 33 of the Federal Rules of Civil Procedure, Plaintiff Expanse Networks, Inc. ("Expanse") serves these objections and responses to Defendant Catalina Marketing Corporation's ("Catalina") First Set of Interrogatories.

EXPANSE'S GENERAL OBJECTIONS AND STATEMENTS

Expanse makes the following general objections to the Interrogatories, whether or not separately set forth in response to each interrogatory, to each and every instruction, definition, and interrogatory:

1.   Expanse objects to Defendants' definitions, instructions and interrogatories to the extent they request the discovery or disclosure of information that is immune from discovery, protected by the attorney-client privilege, protected by the common interest/joint defense privilege, constitute trial preparation materials prepared in anticipation of litigation by or for Plaintiff or by or for any representatives of Plaintiff, including its attorney(s), consultant(s), employee(s), or agent(s), or which are otherwise protected from discovery pursuant to the Federal Rules of Civil Procedure or any other privilege or immunity.   Such information shall not be provided in response to the interrogatories and any inadvertent disclosure thereof shall not be deemed a waiver of any privilege or immunity with respect to such information.

2.   Expanse objects to each of Defendants' definitions and instructions and each of Defendants' interrogatories to the extent they attempt to impose an obligation on Plaintiff different from or greater than that required by the Federal Rules of Civil Procedure.

3.   Expanse objects to all of Defendants' definitions of "identify." The definitions impose an obligation on Plaintiff different from or greater than that required by the Federal Rules of Civil Procedure.

4.   Expanse objects to all instructions, definitions, and interrogatories to the extent that they require Expanse to identify documents not currently in its possession, custody, or control, or to identify or describe persons, entities or events not known to it, on the ground that such instructions, definitions, or interrogatories seek to require more of Expanse than any obligation imposed by law, would subject Expanse to unreasonable and undue burden and expense, and seek to impose on Expanse an obligation to investigate or discover information or materials from third parties that are equally accessible to Defendants.

5.   Expanse objects to Defendants' interrogatories to the extent they call for information that does not relate to matters materially necessary to the prosecution and defense of this action and are not reasonably calculated to lead to the discovery of admissible evidence.

6.   Expanse objects to the extent that any definition, instruction or interrogatory is vague, ambiguous, or overly broad, and unreasonably requires Plaintiff to speculate as to the nature and scope of the information sought. In each instance, where possible, Plaintiff will interpret the interrogatory to require only the information reasonably related in time and subject matter to the issues in this litigation.

7.   Expanse objects to the Interrogatories to the extent that they call for information that is protected under the terms of a confidentiality agreement, protective order, or other restriction on disclosure as being burdensome and oppressive. Expanse will provide such information in response to the Interrogatories under Court Order or after an appropriate protective order is

entered and the third party consents to the disclosure of its confidential information.

8.   Expanse objects to the Interrogatories as premature and improper discovery of expert opinion to the extent they seek discovery of information within the scope of Rule 26(a)(2)(B) of the Federal Rules of Civil Procedure.

9.   Expanse's responses to the Interrogatories are not admissions or acknowledgements that the Interrogatories call for information that is relevant to the subject matter of this action. Each response is without prejudice to Expanse's right to contest at trial or any other subsequent proceeding in this action that a response (or the documents produced in response) to an interrogatory is inadmissible, irrelevant or immaterial. Further, each response is without prejudice to, and does not constitute a waiver of, any objection Expanse may make to any future use of the information given in any response or each document produced in response to any request.

10.   Expanse will provide its responses without prejudice to its right to produce evidence of any subsequently discovered fact or facts that it may later recall or discover. Expanse further reserves the right to change, amend, or supplement any or all of the matters contained in its responses as additional facts are ascertained, analyses are made, research is completed, and contentions are made.

SPECIFIC OBJECTIONS AND RESPONSES

INTERROGATORY NO. 1:

Identify each product made or used by Catalina that you contend infringes the patents in suit and identify each claim of the patents in suit allegedly infringed by each product.

RESPONSE:

Expanse objects to this interrogatory as premature since discovery is still in its infancy and therefore Expanse's contentions may be subject to change. Subject to the foregoing objections, Expanse responds as follows:

At this time, Expanse believes that the following products infringe claims of the patents in suit: products and services using the Catalina Marketing Network (including, but not limited to, the products and services offered by the Retail Services division as the Customer-Centric Insights and Marketing Solutions products); Catalina Marketing Retail Services programs (including Customer Retention and Loyalty, Channel Erosion, Private Label, Event and Promotional Marketing, Ethnic Marketing, Threshold Marketing, and Category-Based programs); and the Catalina Market Logic product.

At this time, Expanse believes claims 1, 17, 21, and 29 of the '348 patent as well as claims 1, 22 and 30 of the '129 patent have been and continue to be infringed by Catalina.

INTERROGATORY NO. 2:

Identify all investigations(s) made by or on behalf of Expanse regarding whether any product made or used by Catalina infringes the patents in suit, including identifying the person(s) involved in the investigation, the date, the items considered, when and where such items were obtained, the conclusion reached in each investigation and all documents referring to or describing such investigation.

RESPONSE:

Expanse objects to this interrogatory as it requests information protected by the attorney client privilege and the work-product doctrine. Subject to the foregoing objections, Expanse responds that it conducted investigations regarding infringement of the patents in suit through discussions with Catalina representatives, in particular Debbie DeFazio, Stephen Goforth, and Eric Williams

INTERROGATORY NO. 3:

Identify any statements made by or on behalf of Catalina that relate to the patents in suit or the subject matters of this suit. The term "statement" has the meaning given in Rule 26(b)(3) of the Federal Rules of Civil Procedure.

RESPONSE:

Expanse objects to this interrogatory as overly broad and unduly burdensome. It is not limited in time or scope and asks Expanse to omnisciently identify "any statements made by or on behalf of Catalina that relate to the patents in suit." Further, it asks for information which would be easier for Catalina to obtain in detail as it asks for statements made by Catalina itself. Subject to the foregoing objections, to Expanses knowledge, statements made by Catalina regarding the patents in suit include those made to Expanse Networks representatives by Debbie DeFazio, Stephen Goforth, and Eric Williams, as well as those made by Sue Klug in the article published in *1to1 Magazine*.

Expanse personnel made visits to Catalina Marketing during July 2001, had a number of subsequent conference calls in July and August of 2001 and returned for a visit in August of 2001. During a visit to Expanse's facility on August 7, 2001, Ms. Debbie DeFazio of Catalina Marketing reviewed an outline of the steps, as claimed in the '348 patent, in demographic profiling and presented to her by Charles Eldering in a meeting, and made the statement "that's what we do," to Charles Eldering.

Page 5

INTERROGATORY NO. 4:

Please state all the facts relating to the development of each invention claimed in the patents in suit. Include in your answer the persons most knowledgeable, the circumstances under which each process or product was conceived and reduced to practice, the dates of conception and reduction to practice relevant to the issues of suppression, concealment, abandonment and diligence.

RESPONSE:

Expanse objects to this interrogatory as vague and ambiguous to the extent that the term "circumstances" is undefined. Therefore, it is difficult for Expanse to determine what information is being requested. This interrogatory is unduly burdensome to the extent that it asks for "all facts" relating to an event and therefore asks Expanse to make legal conclusions as to what facts are relevant and/or "relate to" an event. Further, this interrogatory is unduly burdensome to the extent that it requests information already disclosed in Expanse's initial disclosures. Subject to the foregoing objections, Expanse responds that the inventions claimed in the patents in suit were conceived by Charles A. Eldering in early 1998. Development was initiated throughout the year 1998. Effective reduction to practice took place upon filing of the parent applications in December of 1998, with continued research and development in 1999 and an effective reduction to practice of the additional inventions taking place in March 1999 upon filing of the applications resulting in the patents in suit. One embodiment of the invention was reduced to practice, in the form of prototype software, in late 2001.

INTERROGATORY NO. 5:

Identify all evidence and documents that support your contention that Catalina has willfully infringed the patents in suit. State with specificity the actions taken by Catalina to allegedly willfully infringe the patents in suit and identify any conduct by Catalina that relates to

Page 6

allegedly willful infringing conduct.

RESPONSE:

Expanse objects to this interrogatory as premature to the extent that discovery is in its infancy and Expanse has not seen all documents most likely to be relevant to this issue. Subject to the foregoing objections, Expanse responds that Catalina has had knowledge of the patents in suit since late 2001, at which time Expanse notified Catalina of the issuance of US Patent 6,298,348. This communication initially took place through e-mail correspondence (Oct. 2, 2001, Oct. 25, 2001), and later through letters to Stephen Goforth (Nov. 9, 2001, Jan. 18, 2002 and subsequently Stacy Gallagher (Feb. 13, 2002 email from Gallagher to Expanse). Despite knowledge of the '348 patent, Catalina continued to develop and sell the accused products. In the absence of an opinion that the patents are invalid or not infringed, Catalina's continued sale of the accused products is willful.

INTERROGATORY NO. 6:

For each claim of the patents in suit alleged to be infringed by any Catalina product, provide a claim chart construing each element of such claim and identifying the support for such construction based on intrinsic or extrinsic evidence, identifying each part in any Catalina product that corresponds to each element of such claim, and stating whether the allegation of infringement is literal or under the doctrine of equivalents.

RESPONSE:

Expanse objects to this interrogatory to the extent that it calls for expert opinion. Expanse will make expert disclosures in accordance with Federal Rule of Civil Procedure 26(a)(2)(B). Further, Expanse objects to this interrogatory as premature in that discovery is in its infancy and therefore all documents and information relevant to this interrogatory have yet to be produced by Catalina. Therefore, Expanse reserves the right to supplement this interrogatory with more detailed infringement contentions. Subject to and without waiving the foregoing

objections and the General Objections, Plaintiff responds (in the form of claim charts) as

follows:

'129 PATENT (Claim 1)	CATALINA MARKETING (Retail Services)
A computer implemented method for selecting a targeted advertisement to be presented to a consumer by determining the similarity between a profile of the consumer which is generated from detailed purchase records of the consumer and a profile for each of a plurality of advertisements, wherein the profile for each advertisement identifies discretionary characteristics of an intended target market of the advertisement, the method comprising:	The Catalina Marketing Network is a computer based collection system that retrieves checkout data from a multitude of stores and allows for the generation of consumer profile therefrom. The consumer profile is used to target advertisements (i.e., coupon, message, incentive, reward) to a consumer. *Catalina Marketing* Retail Services *provides innovative customer marketing solutions to over 170 grocery and drug retailers nationwide.* *Using an unmatched customer communication platform, the Catalina Marketing Network®, the division makes this information actionable and valuable for retailers.* *The Network leverages scanned UPC codes and/or loyalty card data to analyze consumer purchase behavior and automatically respond with strategic promotional messages.* http://www.catalinamarketing.com/retail_services/how_it_works.html *"Market-basket analysis is the key to much of the cross-selling and up-selling currently being done in the supermarket industry today ... First we analyze the information and draw insights from it to determine a strategy. And, second, we create smart programs to execute that strategy. ... Either way, appropriate coupons, messages, incentives, or rewards are issued based on predetermined strategies."* http://www.1to1.com/Building/CustomerRelationships

'129 PATENT (Claim 1)	CATALINA MARKETING (Retail Services)
receiving the advertisement profile for each of the plurality of advertisements;	In order to be able to match and deliver an advertisement (i.e., coupon, message, incentive, reward) to a consumer an ad profiles associated with the ad must define some type of discretionary characteristic about an intended target market (i.e., consumers having kids, consumers not buying particular products, consumers not spending much, loyal customers). *"we create smart programs to execute that strategy ... appropriate coupons, messages, incentives, or rewards are issued based on predetermined strategies."* *"loyal customer who always shops in a retailer's supermarket but never buys bath tissue or paper towels is buying those items elsewhere. The retailer can develop customer strategies to get that share of customer"* *"High-value loyalty card members ... receive rewards that reinforce return patronage"*

'129 PATENT (Claim 1)	CATALINA MARKETING (Retail Services)
calculating a correlation factor between each advertisement profile and the consumer profile as a scalar product of the consumer profile and the advertisement profile; and	In order to be target an advertisement (i.e., coupon, message, incentive, reward) to a consumer there must be some correlation between an ad profile and a consumer profile. Has the ability to target customers based on behavioral insights and data, using in-store prints, direct mail, sampling and consumer research *Catalina Marketing Retail Services offers programs that support strategic retail initiatives such as Customer Retention and Loyalty, Channel Erosion, Private Label, Event and Promotional Marketing, Ethnic Marketing, Threshold Marketing and Category-Based programs which identify and strengthen under-performing categories.* http://www.catalinamarketing.com/retail_services/division_facts.html

'129 PATENT (Claim 1)	CATALINA MARKETING (Retail Services)
selecting the targeted advertisement to present to the consumer responsive to said calculating a correlation factor.	In order for an ad to be presented to the consumer it must have been selected *Retailers can focus on changing their customers' shopping patterns with targeted communications that motivate them to visit the store more frequently, increase basket size and develop true loyalty.* http://www.catalinamarketing.com/retail_services/how_it_works.html

'129 PATENT (Claim 22)	CATALINA MARKETING (Retail Services)
A computer system for selecting a targeted advertisement to be presented to a consumer by determining the similarity between a profile of the consumer which is generated from detailed purchase records of the consumer and a profile of each of a plurality of advertisements, each profile identifying discretionary characteristics of an intended target market of the advertisement, the system comprising:	The Catalina Marketing Network is a computer based collection system that retrieves checkout data from a multitude of stores and allows for the generation of consumer profile therefrom. The consumer profile is used to target advertisements (i.e., coupon, message, incentive, reward) to a consumer. *Catalina Marketing Retail Services provides innovative customer marketing solutions to over 170 grocery and drug retailers nationwide.* *Using an unmatched customer communication platform, the Catalina Marketing Network®, the division makes this information actionable and valuable for retailers.* *The Network leverages scanned UPC codes and/or loyalty card data to analyze consumer purchase behavior and automatically respond with strategic promotional messages.* *http://www.catalinamarketing.com/retail_services/how_it_works.html* *"Market-basket analysis is the key to much of the cross-selling and up-selling currently being done in the supermarket industry today ... First we analyze the information and draw insights from it to determine a strategy. And, second, we create smart programs to execute that strategy. ... Either way, appropriate coupons, messages, incentives, or rewards are issued based on predetermined strategies."* *http://www.1to1.com/Building/CustomerRelationships*
means for receiving the advertisement profile for the advertisement;	In order to be able to match and deliver an advertisement (i.e., coupon, message, incentive, reward) to a consumer an ad profile must define some criteria associated with the ad (i.e., some type of discretionary characteristic (demographic, behavioral, etc.) about an intended target market). *"we create smart programs to execute that strategy ... appropriate coupons, messages, incentives, or rewards are issued based on predetermined strategies."* *"loyal customer who always shops in a retailer's supermarket but never buys bath tissue or paper towels is buying those items elsewhere. The retailer can develop customer strategies to get that share of customer"* *"High-value loyalty card members ... receive rewards that reinforce return patronage"*

'129 PATENT (Claim 22)	CATALINA MARKETING (Retail Services)
means for retrieving the consumer profile, wherein the detailed purchase records used to generate the consumer profile include multiple point-of-sale transactions;	*"We know from the items in a shopper's basket if, for example, there's a baby in the household and what his approximate age is."* http://www.1to1.com/Building/CustomerRelationships *"Retail Services allows clients to achieve the most advanced level of customer relationship management in the industry, known as Customer-Centric Insights and Marketing Solutions. Catalina Marketing provides a multi-dimensional understanding of the customer by combining purchase behavior inside and outside of the store with demographical information, attitudes and preferences."* http://www.catalinamarketing.com/retail_services/how_it_works.html
means for calculating a correlation factor between the advertisement profile and the consumer profile as a scalar product of the consumer profile and the advertisement profile; and	In order to be target an advertisement (i.e., coupon, message, incentive, reward) to a consumer there must be some correlation between an ad profile and a consumer profile. Has the ability to target customers based on behavioral insights and data, using in-store prints, direct mail, sampling and consumer research *Catalina Marketing Retail Services offers programs that support strategic retail initiatives such as Customer Retention and Loyalty, Channel Erosion, Private Label, Event and Promotional Marketing, Ethnic Marketing, Threshold Marketing and Category-Based programs which identify and strengthen under-performing categories.* http://www.catalinamarketing.com/retail_services/division_facts.html
means for selecting the targeted advertisement to present to the consumer responsive to said calculating a correlation factor.	In order for an ad to be presented to the consumer it must have been selected *Retailers can focus on changing their customers' shopping patterns with targeted communications that motivate them to visit the store more frequently, increase basket size and develop true loyalty.* http://www.catalinamarketing.com/retail_services/how_it_works.html

'129 PATENT (Claim 30)	CATALINA MARKETING (Retail Services)
A computer program embodied on a computer-readable medium for selecting a targeted advertisement for a	The Catalina Marketing Network is a computer based collection system that retrieves checkout data from a

Page 13

'129 PATENT (Claim 30)	CATALINA MARKETING (Retail Services)
consumer by comparing a profile of the consumer which is generated from multiple transactions of the consumer to a profile of each of a plurality of advertisements, wherein each advertisement profile identifies specific characteristics of an intended target market of the advertisement, the computer program comprising:	multitude of stores and allows for the generation of consumer profile therefrom. The consumer profile is used to target advertisements (i.e., coupon, message, incentive, reward) to a consumer. *Catalina Marketing Retail Services provides innovative customer marketing solutions to over 170 grocery and drug retailers nationwide.* *Using an unmatched customer communication platform, the Catalina Marketing Network®, the division makes this information actionable and valuable for retailers.* *The Network leverages scanned UPC codes and/or loyalty card data to analyze consumer purchase behavior and automatically respond with strategic promotional messages.* *http://www.catalinamarketing.com/retail_serv ices/how_it_works.html* *"Market-basket analysis is the key to much of the cross-selling and up-selling currently being done in the supermarket industry today ... First we analyze the information and draw insights from it to determine a strategy. And, second, we create smart programs to execute that strategy. ... Either way, appropriate coupons, messages, incentives, or rewards are issued based on predetermined strategies."* *http://www.1to1.com/Building/CustomerRelationships*
a source code segment for receiving the advertisement profile for the advertisement;	In order to be able to match and deliver an advertisement (i.e., coupon, message, incentive, reward) to a consumer an ad profile must define some criteria associated with the ad (i.e., some type of discretionary characteristic (demographic, behavioral, etc.) about an intended target market). *"we create smart programs to execute that strategy ... appropriate coupons, messages, incentives, or rewards are issued based on predetermined strategies."* *"loyal customer who always shops in a retailer's supermarket but never buys bath tissue or paper towels is buying those items elsewhere. The retailer can develop customer strategies to get that share of customer"* *"High-value loyalty card members ... receive rewards that reinforce return patronage"*
a source code segment for retrieving the consumer profile, wherein the multiple transactions used to	*"We know from the items in a shopper's basket if, for example, there's a baby in the household and*

'129 PATENT (Claim 30)	CATALINA MARKETING (Retail Services)
generate the consumer profile include purchases of the consumer from multiple points-of-sale; and	*what his approximate age is."* http://www.1to1.com/Building/CustomerRelati onships *"Retail Services allows clients to achieve the most advanced level of customer relationship management in the industry, known as Customer-Centric Insights and Marketing Solutions. Catalina Marketing provides a multi-dimensional understanding of the customer by combining purchase behavior inside and outside of the store with demographical information, attitudes and preferences."* http://www.catalinamarketing.com/retail_services/how _it_works.html
a source code segment for calculating a correlation factor between the advertisement profile and the consumer profile as a scalar product of the consumer profile and the advertisement profile; and	In order to be target an advertisement (i.e., coupon, message, incentive, reward) to a consumer there must be some correlation between an ad profile and a consumer profile. Has the ability to target customers based on behavioral insights and data, using in-store prints, direct mail, sampling and consumer research *Catalina Marketing Retail Services offers programs that support strategic retail initiatives such as Customer Retention and Loyalty, Channel Erosion, Private Label, Event and Promotional Marketing, Ethnic Marketing, Threshold Marketing and Category-Based programs which identify and strengthen under-performing categories.* http://www.catalinamarketing.com/retail_services/divis ion_facts.html
a source code segment for selecting the targeted advertisement to present to the consumer responsive to said calculating a correlation factor.	In order for an ad to be presented to the consumer it must have been selected *Retailers can focus on changing their customers' shopping patterns with targeted communications that motivate them to visit the store more frequently, increase basket size and develop true loyalty.* http://www.catalinamarketing.com/retail_services/how _it_works.html

'348 PATENT (Claim 1)	CATALINA MARKETING (Retail Services)
A computer implemented method for generating a profile of a consumer based on multiple purchases made by the consumer that are accumulated in detailed purchase records of the consumer, the method comprising	The Catalina Marketing Network is a computer based data collection system that retrieves checkout data from a multitude of stores and which allows for the generation of consumer profiles: *"Because of the magnitude of the data [we collect] over extensive periods of time, the patterns aren't*

'348 PATENT (Claim 1)	CATALINA MARKETING (Retail Services)
	difficult to ascertain. First we analyze the information and draw insights from it to determine a strategy … Catalina's programs can be either transactional based, based on the market-basket items being purchased, or historical, based on loyalty program data." http://www.1to1.com/Building/CustomerRelationships /entry.jsp?REQUESTED_URL=/content/contentDetail .jsp&NEXT_PAGE_ARGS=%26NEXT_PAGE%3D/ content/issue.jsp%26NEXT_PAGE_ARGS%3D%252 6issueOID%253d25942%26CONTENT_ID%3D2590 6%26CONTENT_TYPE%3DPRG_ARTICLE&SKIP _SPLASH
retrieving the detailed purchase records;	*"Catalina Marketing offers manufacturers and retailers a range of unmatched capabilities to speak one-to-one with consumers on a mass scale.* *We log over 250 million transactions per week across more than 21,000 supermarkets worldwide.* *Our loyalty programs track the purchase history of over 100 million household IDs in the United States."* http://www.catalinamarketing.com/our_advantage/inde x "Manages one of the 6th largest databases in the world, containing over 100 million customer records" http://www.catalinamarketing.com/retail_services/divis ion_facts.html
retrieving product characterization information associated with products included in the detailed purchase records, wherein the product characterization information includes a set of heuristic rules defining a probabilistic measure of demographic characteristics of a purchaser of a product; and	*"We know from the items in a shopper's basket if, for example, there's a baby in the household and what his approximate age is … Through what we call 'shared requirements', we also know the amount of diapers, cereal and baby food a child that age needs."* http://www.1to1.com/Building/CustomerRelationships/ entry.jsp?REQUESTED_URL=/content/contentDetail.j sp&NEXT_PAGE_ARGS=%26NEXT_PAGE%3D/co ntent/issue.jsp%26NEXT_PAGE_ARGS%3D%2526is sueOID%253d25942%26CONTENT_ID%3D25906% 26CONTENT_TYPE%3DPRG_ARTICLE&SKIP_SP LASH 'Shared requirements' are heuristic rules that allow for determination of a probabilistic measure of demographic characteristics of a purchaser of a product.

'348 PATENT (Claim 1)	CATALINA MARKETING (Retail Services)
generating a profile of the consumer based on the detailed purchase records and the product characterization information, wherein the profile of the consumer includes a demographic profile of the consumer generated from the detailed purchase records and the set of heuristic rules.	*"We know from the items in a shopper's basket if, for example, there's a baby in the household and what his approximate age is ... Through what we call 'shared requirements', we also know the amount of diapers, cereal and baby food a child that age needs."* http://www.1to1.com/Building/CustomerRelationships/ entry.jsp?REQUESTED_URL=/content/contentDetail.j sp&NEXT_PAGE_ARGS=%26NEXT_PAGE%3D/co ntent/issue.jsp%26NEXT_PAGE_ARGS%3D%2526is sueOID%253d25942%26CONTENT_ID%3D25906% 26CONTENT_TYPE%3DPRG_ARTICLE&SKIP_SP LASH *Consumer demographics (i.e., children and their age) were generated based on the shopper's basket (i.e., purchases) by using heuristic rules ('shared requirements') to define demographic attributes of purchasers of certain products.* "Retail Services allows clients to achieve the most advanced level of customer relationship management in the industry, known as Customer-Centric Insights and Marketing Solutions. Catalina Marketing provides a multi-dimensional understanding of the customer by combining purchase behavior inside and outside of the store with demographical information, attitudes and preferences." *http://www.catalinamarketing.com/retail_services/how_it_works.html*

'348 PATENT (Claim 1)	CATALINA MARKETING (Retail Services)
A computer implemented method for generating a profile of a consumer based on transactions performed by the consumer at multiple locations, the transactions being recorded and accumulated in detailed transaction records for the consumer, the method comprising:	The Catalina Marketing Network is a computer based data collection system that retrieves checkout data from a multitude of stores and which allows for the generation of consumer profiles. Utilizing a loyalty card allows purchases to be accumulated for a particular consumer regardless of what store the transaction occurred at (i.e., multiple locations). *"Because of the magnitude of the data [we collect] over extensive periods of time, the patterns aren't difficult to ascertain. First we analyze the information and draw insights from it to determine a strategy ... Catalina's programs can be either transactional based, based on the market-basket items being purchased, or historical, based on loyalty program data."* *http://www.1to1.com/Building/CustomerRelationsh ips/entry.jsp?REQUESTED_URL=/content/conten tDetail.jsp&NEXT_PAGE_ARGS=%26NEXT_PA GE%3D/content/issue.jsp%26NEXT_PAGE_ARG S%3D%2526issueOID%253d25942%26CONTEN T_ID%3D25906%26CONTENT_TYPE%3DPRG_ ARTICLE&SKIP_SPLASH*

'348 PATENT (Claim 1)	CATALINA MARKETING (Retail Services)
retrieving the detailed transaction records, wherein the detailed transaction records include an inventory of the recorded transactions of the consumer; and	*"Catalina Marketing offers manufacturers and retailers a range of unmatched capabilities to speak one-to-one with consumers on a mass scale.* *We log over 250 million transactions per week across more than 21,000 supermarkets worldwide.* *Our loyalty programs track the purchase history of over 100 million household IDs in the United States."* http://www.catalinamarketing.com/our_advantage/index *"Manages one of the 6th largest databases in the world, containing over 100 million customer records"* http://www.catalinamarketing.com/retail_services/division_facts.html

'348 PATENT (Claim 17)	CATALINA MARKETING (Retail Services)
generating a profile of the consumer based on the detailed transaction records and a set of heuristic rules associated with transactions within the detailed transaction records, the set of heuristic rules defining a probabilistic measure of demographic characteristics of a person performing the transactions.	*"We know from the items in a shopper's basket if, for example, there's a baby in the household and what his approximate age is ... Through what we call 'shared requirements', we also know the amount of diapers, cereal and baby food a child that age needs."* http://www.1to1.com/Building/CustomerRelationships/entry.jsp?REQUESTED_URL=/content/contentDetail.jsp&NEXT_PAGE_ARGS=%26NEXT_PAGE%3D/content/issue.jsp%26NEXT_PAGE_ARGS%3D%2526issueOID%253d25942%26CONTENT_ID%3D25906%26CONTENT_TYPE%3DPRG_ARTICLE&SKIP_SPLASH 'Shared requirements' are heuristic rules that allow for determination of a probabilistic measure of demographic characteristics of a purchaser of a product. Consumer demographics (i.e., children and their age) were generated based on the shopper's basket (i.e., purchases) by using heuristic rules to define demographic attributes of purchasers. *"Retail Services allows clients to achieve the most advanced level of customer relationship management in the industry, known as Customer-Centric Insights and Marketing Solutions. Catalina Marketing provides a multi-dimensional understanding of the customer by combining purchase behavior inside and outside of the store with demographical information, attitudes and preferences."* http://www.catalinamarketing.com/retail_services/how_it_works.html

'348 PATENT (Claim 21)	CATALINA MARKETING (Retail Services)
A computer implemented system for generating a profile of a consumer based on multiple purchases made by the consumer that are accumulated in detailed purchase records of the consumer, the system comprising:	The Catalina Marketing Network is a computer based data collection system that retrieves checkout data from a multitude of stores and which allows for the generation of consumer profiles: *"Because of the magnitude of the data [we collect] over extensive periods of time, the patterns aren't difficult to ascertain. First we analyze the information and draw insights from it to determine a strategy ... Catalina's programs can be either transactional based, based on the market-basket items being purchased, or historical, based on loyalty program data."* http://www.1to1.com/Building/CustomerRelationships /entry.jsp?REQUESTED_URL=/content/contentDetail .jsp&NEXT_PAGE_ARGS=%26NEXT_PAGE%3D/ content/issue.jsp%26NEXT_PAGE_ARGS%3D%252 6issueOID%253d25942%26CONTENT_ID%3D2590 6%26CONTENT_TYPE%3DPRG_ARTICLE&SKIP _SPLASH
means for retrieving the detailed purchase records;	*"Catalina Marketing offers manufacturers and retailers a range of unmatched capabilities to speak one-to-one with consumers on a mass scale.* *We log over 250 million transactions per week across more than 21,000 supermarkets worldwide.* *Our loyalty programs track the purchase history of over 100 million household IDs in the United States."* http://www.catalinamarketing.com/our_advantage/ind ex *"Manages one of the 6th largest databases in the world, containing over 100 million customer records"* http://www.catalinamarketing.com/retail_services/divi sion_facts.html
means for retrieving product characterization information associated with products included in the detailed purchase records, wherein product characterization information includes a set of heuristic rules defining a probabilistic measure of demographic characteristics of a purchaser of a product; and	*"We know from the items in a shopper's basket if, for example, there's a baby in the household and what his approximate age is ... Through what we call 'shared requirements', we also know the amount of diapers, cereal and baby food a child that age needs."* http://www.1to1.com/Building/CustomerRelationships /entry.jsp?REQUESTED_URL=/content/contentDetail .jsp&NEXT_PAGE_ARGS=%26NEXT_PAGE%3D/ content/issue.jsp%26NEXT_PAGE_ARGS%3D%252 6issueOID%253d25942%26CONTENT_ID%3D2590 6%26CONTENT_TYPE%3DPRG_ARTICLE&SKIP _SPLASH 'Shared requirements' are heuristic rules that allow for determination of a probabilistic measure of demographic characteristics of a purchaser of a product.

'348 PATENT (Claim 21)	CATALINA MARKETING (Retail Services)
means for generating a profile of the consumer based on the detailed purchase records and the product characterization information, wherein the profile of the consumer includes a demographic profile of the consumer generated from the detailed purchase records and the set of heuristic rules.	*"We know from the items in a shopper's basket if, for example, there's a baby in the household and what his approximate age is…"* http://www.1to1.com/Building/CustomerRelationships/entry.jsp?REQUESTED_URL=/content/contentDetail.jsp&NEXT_PAGE_ARGS=%26NEXT_PAGE%3D/content/issue.jsp%26NEXT_PAGE_ARGS%3D%2526issueOID%253d25942%26CONTENT_ID%3D25906%26CONTENT_TYPE%3DPRG_ARTICLE&SKIP_SPLASH Consumer demographics (i.e., children and their age) were generated based on the shopper's basket (i.e., purchases) and heuristic rules ('shared requirements') defining demographic attributes of purchasers of certain products. *"Retail Services allows clients to achieve the most advanced level of customer relationship management in the industry, known as Customer-Centric Insights and Marketing Solutions.* *Catalina Marketing provides a multi-dimensional understanding of the customer by combining purchase behavior inside and outside of the store with demographical information, attitudes and preferences."* http://www.catalinamarketing.com/retail_services/how_it_works.html

'348 PATENT (Claim 29)	CATALINA MARKETING (Retail Services)
A computer program embodied on a computer-readable medium for profiling a consumer based on transactions performed by the consumer at multiple locations, the transactions being recorded and accumulated in detailed transaction records for the consumer, the computer program comprising:	The Catalina Marketing Network is a computer based data collection system that retrieves checkout data from a multitude of stores and which allows for the generation of consumer profiles: *"Because of the magnitude of the data [we collect] over extensive periods of time, the patterns aren't difficult to ascertain. First we analyze the information and draw insights from it to determine a strategy ... Catalina's programs can be either transactional based, based on the market-basket items being purchased, or historical, based on loyalty program data."* http://www.1to1.com/Building/CustomerRelationships/entry.jsp?REQUESTED_URL=/content/contentDetail.jsp&NEXT_PAGE_ARGS=%26NEXT_PAGE%3D/content/issue.jsp%26NEXT_PAGE_ARGS%3D%2526issueOID%253d25942%26CONTENT_ID%3D25906%26CONTENT_TYPE%3DPRG_ARTICLE&SKIP_SPLASH
a source code segment for retrieving the detailed transaction records, wherein the detailed transaction records include an inventory of the recorded transactions of the consumer;	*"Catalina Marketing offers manufacturers and retailers a range of unmatched capabilities to speak one-to-one with consumers on a mass scale.* *We log over 250 million transactions per week across more than 21,000 supermarkets worldwide.* *Our loyalty programs track the purchase history of over 100 million household IDs in the United States."* http://www.catalinamarketing.com/our_advantage/index *"Manages one of the 6th largest databases in the world, containing over 100 million customer records"* http://www.catalinamarketing.com/retail_services/division_facts.html
a source code segment for retrieving a set of heuristic rules associated with transactions within the detailed transaction records, the set of heuristic rules defining a probabilistic measure of demographic characteristics of a person performing the transactions; and	*"We know from the items in a shopper's basket if, for example, there's a baby in the household and what his approximate age is ... Through what we call 'shared requirements', we also know the amount of diapers, cereal and baby food a child that age needs."* http://www.1to1.com/Building/CustomerRelationships/entry.jsp?REQUESTED_URL=/content/contentDetail.jsp&NEXT_PAGE_ARGS=%26NEXT_PAGE%3D/content/issue.jsp%26NEXT_PAGE_ARGS%3D%2526issueOID%253d25942%26CONTENT_ID%3D25906%26CONTENT_TYPE%3DPRG_ARTICLE&SKIP

23

'348 PATENT (Claim 29)	CATALINA MARKETING (Retail Services)
a source code segment for generating a profile of the consumer based on the detailed transaction records and the set of heuristic rules.	_SPLASH 'Shared requirements' are heuristic rules that allow for determination of a probabilistic measure of demographic characteristics of a purchaser of a product. *"We know from the items in a shopper's basket if, for example, there's a baby in the household and what his approximate age is…"* http://www.1to1.com/Building/CustomerRelationships /entry.jsp?REQUESTED_URL=/content/contentDetail .jsp&NEXT_PAGE_ARGS=%26NEXT_PAGE%3D/ content/issue.jsp%26NEXT_PAGE_ARGS%3D%252 6issueOID%253d25942%26CONTENT_ID%3D2590 6%26CONTENT_TYPE%3DPRG_ARTICLE&SKIP _SPLASH Consumer demographics (i.e., children and their age) were generated based on the shopper's basket (i.e., purchases) and heuristic rules ('shared requirements') defining demographic attributes of purchasers of certain products. *"Retail Services allows clients to achieve the most advanced level of customer relationship management in the industry, known as Customer-Centric Insights and Marketing Solutions.* *Catalina Marketing provides a multi-dimensional understanding of the customer by combining purchase behavior inside and outside of the store with demographical information, attitudes and preferences."* http://www.catalinamarketing.com/retail_services/ho w_it_works.html

INTERROGATORY NO. 7:

Identify each instance where Plaintiff has alleged that any entity is infringing or has

infringed any claim of the patents in suit and provide the name and address of each entity against

which the patents in suit have been asserted, including, but not limited to assertion by official

notification of the patents in suit, a cease and desist letter, or initiation of litigation, and the

specific claims of the patents in suit that were asserted.

RESPONSE:

Expanse objects to this interrogatory as calling for information protected by the attorney-client privilege and/or work product doctrine in that it calls for Expanse to "identify each instance where Plaintiff has alleged that any entity is infringing or has infringed any claim of the patents in suit." Additionally, Expanse objects to this interrogatory in that the possibility of infringement by anyone other than Catalina in this case is outside the scope of this litigation. Therefore this interrogatory is over-broad, unduly burdensome, and not reasonably calculated to lead to the discovery of admissible evidence. It is also overbroad to the extent it seeks a listing for "each instance." Subject to the foregoing objections, Expanse responds that it believes the following companies to also be infringing the patents in suit: SAP America, Epiphany, PeopleSoft, Teradata/NCR, Seibel, and SAS.

INTERROGATORY NO. 8:

Identify all licenses offered, proposed, negotiated or entered into between Plaintiff and any third parties related to the patents in suit, including the identity of the third party and any documents related thereto.

RESPONSE:

Subject to the foregoing objections, Expanse has proposed licensing/purchase of the patents in suit to Catalina Marketing on various occasions in 2001 and 2002. Expanse Networks has also offered licenses or proposed strategic partnerships to SAP America, Epiphany, PeopleSoft, Teradata/NCR, Seibel, and SAS. Additional responsive information, if any, can be ascertained/derived from Expanse's business records, which will be made available

for inspection and copying, pursuant to Rule 33(d) of the Federal Rules of Civil Procedure. The burden of deriving this information is substantially the same for Catalina as it is for Expanse.

INTERROGATORY NO. 9:

Identify each person assisting in answering these interrogatories and for each such person state which interrogatories that person assisted in answering.

RESPONSE:

Expanse objects to this interrogatory as calling for information protected by the attorney-client privilege and/or work product doctrine. Subject to the foregoing objections, Expanse responds that Charles A. Eldering assisted in answering these interrogatories.

INTERROGATORY NO. 10:

Identify every fact supporting Plaintiff's allegations stated in paragraphs 10, 11, 12, 13, 14, 15 and 16 of Plaintiff's Original Complaint.

RESPONSE:

Expanse objects to this interrogatory as unduly burdensome to the extent that it is cumulative to Interrogatory Nos. 1,3,5, and 6. Further, Expanse objects to this interrogatory to the extent that it calls for expert opinion. Expanse will make expert disclosures in accordance with Federal Rule of Civil Procedure 26(a)(2)(B). Further, Expanse objects to this interrogatory as premature in that discovery is in its infancy and therefore all documents and information relevant to this interrogatory have yet to be produced by Catalina. Therefore, Expanse reserves the right to supplement this interrogatory with more detailed infringement contentions. Subject to and without waiving the foregoing objections and the General Objections, Plaintiff responds as follows:

With respect to the allegation stated in paragraph 14 of the Plaintiff's original complaint, Expanse is entitled to recover no less than a reasonable royalty for Catalina's infringement as prescribed by law. With respect to the allegations in paragraphs 10, 11, 12, 13, 14, and 16 of Expanse's original complaint, see responses to Interrogatory Nos. 1,3,5, and 6. Further, Additional responsive information, if any, can be ascertained/derived from Expanse's business records, which will be made available for inspection and copying, pursuant to Rule 33(d) of the Federal Rules of Civil Procedure. The burden of deriving this information is substantially the same for Catalina as it is for Expanse.

INTERROGATORY NO. 11:

Identify every fact supporting Plaintiff's reduction to practice of the inventions disclosed in the '129 and the '348 patent.

RESPONSE:

Expanse objects to this interrogatory as vague and ambiguous to the extent that it calls for "every fact supporting" a reduction to practice. Further, Expanse objects to this interrogatory as unduly burdensome as it is cumulative to Interrogatory No. 4. Subject to and without waiving the foregoing objections, Expanse responds as follows:

See response to Interrogatory No. 4.

INTERROGATORY NO. 12:

Identify all expert witnesses that Expanse expects to call at trial, including each such witness' last known address and telephone number, the subject matter on which each expert witness is expected to testify, including, but not limited to the substance of the facts and opinions to which the expert is expected to testify, a summary of the grounds for each opinion, and the

qualifications of each expert, including, but not limited to the expert's educational background, employment history, any prior expert witness testimony and any publications of the expert.
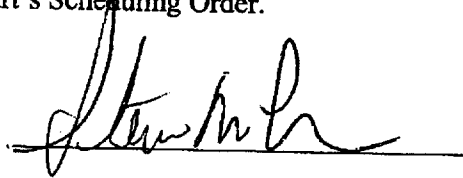
RESPONSE:

Expanse objects to this interrogatory to the extent that it calls for expert disclosures. Expanse will make expert disclosures in accordance with Federal Rule of Civil Procedure 26(a)(2)(B) and in accordance with the Court's Scheduling Order.

Dated: June 3, 2003

Of counsel:
Edward W. Goldstein
Jody M. Goldstein
GOLDSTEIN & FAUCETT, LLP
1177 West Loop South, Suite 400
Houston, TX 77027
Telephone: (713) 877-1515
Facsimile: (713) 877-1737

Jonathan T. Suder
Edward E. Casto, Jr.
FRIEDMAN, SUDER & COOKE
Tindall Warehouse No. 1
604 East 4th Street, Suite 200
Fort Worth, Texas 76102
(817) 334-0400 – Telephone
(817) 334-0401 – Facsimile

Steven M. Coren
Kaufman, Coren & Ress, P.C.
1525 Locust Street, 17th Floor
Philadelphia, PA 19102
Telephone: (215) 735-8700
Facsimile: (215) 735-5170

ATTORNEYS FOR PLAINTIFF